



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



JANUARY 9, 2002

Argentina's Crisis May Boost Freight Rates. The economic crisis surrounding Argentina will eventually affect grain exports from that country as well as freight rates, according to world trade analysts. With the recent devaluation of the Argentinian peso, it is expected that the price of Argentinian grain will become very attractive on the world market and, subsequently, increase exports. This, in turn, will lead to a decrease in available cargo space and an increase in Atlantic panamax freight rates. "What we could see is a sudden shift from U.S. and Brazilian grains to Argentine grains, which will result in higher freight rates in the short term," according to one research analyst. This would be unusual, compared to the gradual transition in the Atlantic panamax market, when the River Plate grain season begins around March. For more information on ocean freight rates please refer to page 8 of this report.

Since 1991, the value of Argentina's peso has been indexed to that of the American dollar. In an effort to control the current economic crisis and increase exports, newly elected Argentine president Eduardo Duhalde recently decreased the currency value to 1.4 pesos to the dollar, roughly a 30-percent decrease. Though this will likely have the initial effect of promoting trade, it may, over the long term, have the effect of inhibiting future international investment in the country.

Argentine grain trade remains quiet for now, however, partly due to a bank holiday since December 20, as well as to foreign exchange controls, which will remain until the government establishes new rules, according to Argentine economist Ernesto Ambrosetti. "Up until now, all we really can be sure of is the devaluation," said Ambrosetti. An Argentine grain trader confirmed the quiet market, stating, "The producer, until the future clears up, is not going to sell. We'll need to see if there is stability, inflation, or more devaluations, so the producer is just going to sell the goods that let him meet his debt payments. He'll keep the rest."

Atlantic panamax rates have, in the meantime, experienced a steady climb, thanks to an increase in U.S. Gulf region cargoes. This is expected will change when international customers begin buying from Argentina. The importance of agriculture to Argentina's economy is evident since it accounts for roughly half of the \$26 billion in annual exports. (*NewsEdge 1/7, 1/9, CNN.com 1/7, Reuters 1/8, AP 1/10*)

U.S. Coast Guard Intensifies Monitoring. The U.S. Coast Guard has begun to more closely monitor vessels in the waters off Long Island, NY. As of December 10, new regulations require that any vessels weighing over 1,600 tons obtain the permission of the Coast Guard before coming within 3 miles of the shore and make any movements, such as leaving port. These are vessels that are large enough to potentially cause damage, such as blocking channels and ramming bridges or other vessels. The Coast Guard in New Haven, CT, has also authorized itself to inspect and approve for entry any vessels within 3 miles of Long Island or Connecticut. This, however, does not apply to recreational boats, vessels that return to the same place they left (i.e., fishing boats), and vessels that do not travel beyond 12 miles off the Long Island coast. (*NewsEdge 1/7*)

Economic Challenge Expected For Maritime During 2002. The cyclical maritime industry is expected to have a difficult year, according to the trade publication, *Fairplay* magazine. It was reported that the problems facing the shipping industry are owed largely to owners in many sectors overordering during 2000, resulting in excess capacity. A crucial factor in how the industry will fair during 2002 will depend on the rate of demolition, according to Maritime Strategies International Ltd. (MSI), an independent market forecasting and business advisory service. In its report, MSI considered various factors, including aggregate fleet supply and demand as well as the level of ship building and scrapping in determining the condition of shipping markets during the foreseeable future.

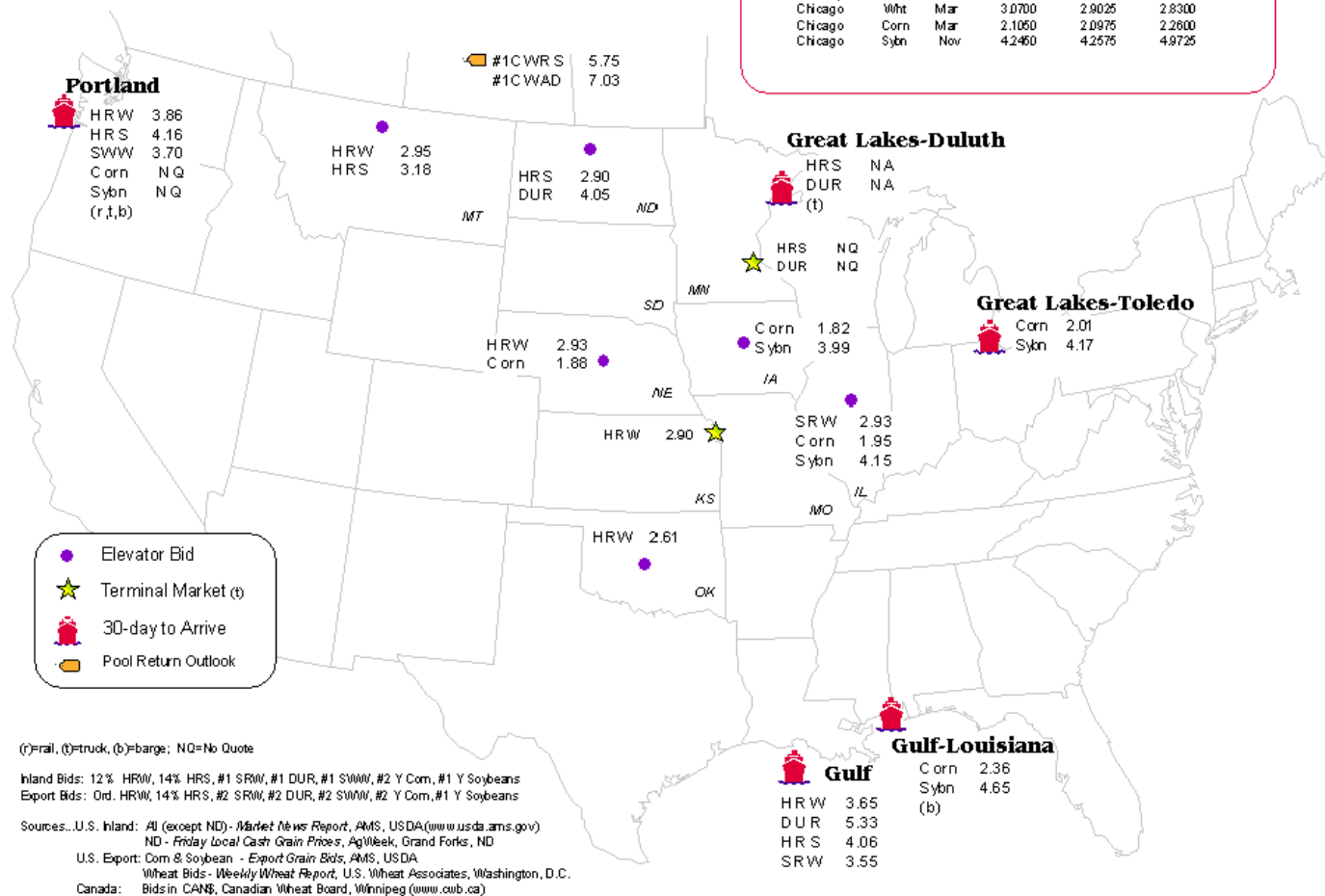
According to MSI, vessel scrapping will increase substantially during each of the years 2003-2005, due to an aging world fleet and an earnings recession in nearly all shipping sectors. Along with vessel demolition, the report stresses the importance of avoiding new ship building over an extended period, which would further delay any possible upturn in the industry. Moody's, the credit-rating organization, commented that "Additional fleet tonnage being delivered (not matched by scrapping) and significant developments in the world economy beyond the industry's control are uncertainties facing...the industry at large."

Expecting a weak dry bulk market in the short term, bulker scrapping will likely increase significantly. According to MSI, the main bulk sectors will account for roughly 75 percent of all scrapping during 2001-2005. (www.fairplay.co.uk/magazine, 1/9, *NewsEdge* 1/8) _

Report is prepared by Karl Hacker and Sigal Nissan, Agricultural Economists, Transportation & Marketing, Agricultural Marketing Service, USDA (202) 690-1304. Report design by Kimberly Vachal, Upper Great Plains Transportation Institute, North Dakota State University. This report can be found on the Internet at www.ams.usda.gov/tmd/grain.htm. E-mail comments to Karl.Hacker@usda.gov.

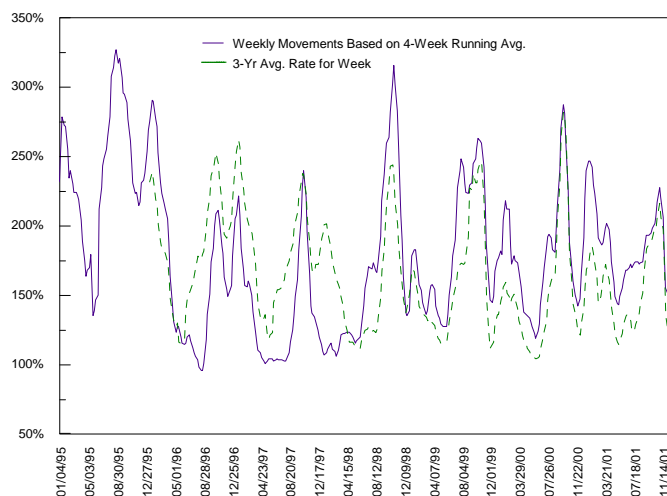
The United States Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation or marital or family status. (Not all prohibited bases apply to all programs). Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact the USDA's TARGET Center at (202)720-2600. To file a complaint, write USDA, Director of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC, 20250-9410, or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

Grain Bid Summary

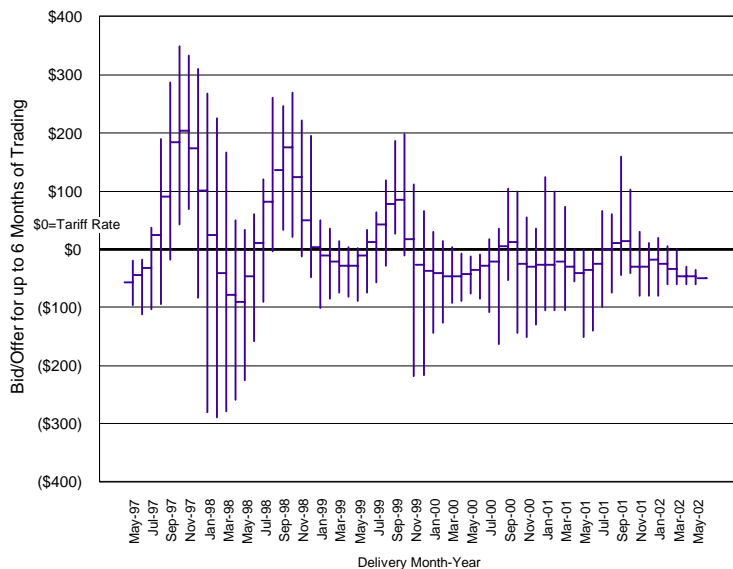


Spot Barge Rate - Illinois River

Index - Percent of Tariff Rate



Secondary Rail Market Bids



Rail Car 'Auction' Offerings				
Delivery for:	Feb-02		Mar-02	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	11,512	2%	12,234	1%
UP-GCAS	5,400	0%	5,400	0%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Jan-02	Feb-02	Mar-02	Apr-02
BNSF-GF	\$25	\$5	\$1	\$(20)
UP-Pool	\$3	\$(16)	\$(20)	\$(29)

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Feb-02	Mar-02	Apr-02
COT/N. Grain	no bid	no bid	no bid
COT/S. Grain	no bid	no bid	no bid
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	no bid	no bid	no bid

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com, (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Southbound Barge Freight Nominal/Cash Basis Values

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate	
			Futures	Cash
01/8/02	St. Louis	Jan	0	140
		Mar	128	138
		May	136	138
		Jul	0	0
		Sept	0	0
	Illinois River	Jan	0	170
		Mar	170	168
		May	0	160
		Jul	0	0
		Sept	0	0

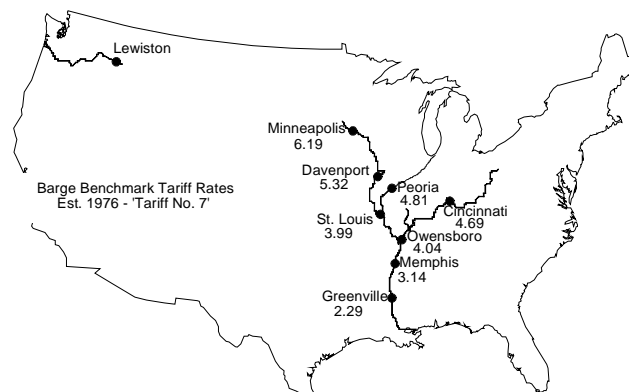
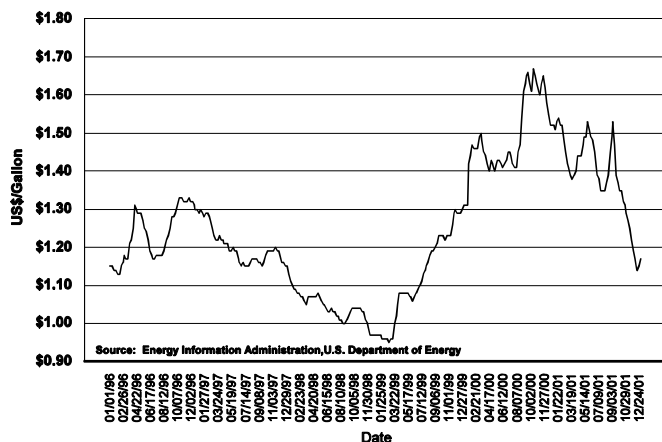
Source: St. Louis Merchants Exchange

Southbound Barge Freight Spot Rates

	1/2/02	12/26/01	Feb '02	Apr '02
Twin Cities	0	0	0	200
Mid-Mississippi	0	0	0	173
Illinois River	194	195	184	163
St. Louis	147	143	141	135
Lower Ohio	160	152	150	143
Cairo-Memphis	133	131	130	128

Source: Transportation & Marketing /AMS/USDA
nq=no quote;

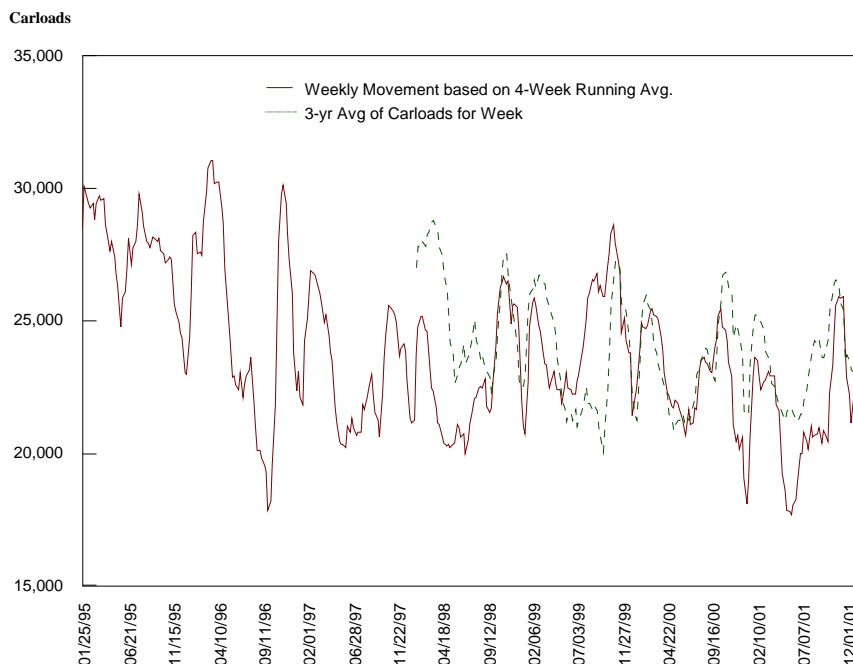
Weekly Retail Diesel (Road) Prices (Including Taxes)



Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
12/22/01	22,854
12/29/01	14,703
01/05/02	18,239
Year to Date - 2001	1,135,840
Year to Date - 2000	1,207,583
Total 2000	1,188,917
Total 1999	1,270,375

Source: Association of American Railroads



Class I Rail Carrier Grain Car Bulletin

Grain Carloads Originated

	East				West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
01/05/02	0	2,477	0	2,914	6,927	443	5,478	3,812	2,947
This Week Last Year	0	2,597	0	2,941	7,478	194	5,456	3,803	4,136
2001 YTD	0	154,341	0	165,932	435,530	26,773	352,634	258,794	235,408
2000 YTD	0	150,305	70,155	156,846	433,327	26,709	370,241	164,552	243,806
2000 Total	0	147,708	70,155	153,905	425,849	26,515	364,785	160,749	239,670
1999 Total	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381	206,328

Source: Association of American Railroads

Tariff Rail Rates for Unit Train Shipments

December 2001

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
01/07/02	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
01/07/02	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
01/07/02	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$18.19	\$0.50
01/07/02	43586	Wheat	Kansas City, MO	Portland, OR	\$4,347	\$47.92	\$1.30
01/07/02	43581	Wheat	Omaha, NE	Portland, OR	\$4,005	\$44.15	\$1.20
01/07/02	31040	Corn	Minneapolis, MN	Portland, OR	NA	\$0.00	\$0.00
01/07/02	31035	Corn	Kansas City, MO	Portland, OR	\$2,700	\$29.76	\$0.76
01/07/02	31040	Corn	Omaha, NE	Portland, OR	NA	\$0.00	\$0.00
01/07/02	61180	Soybean	Minneapolis, MN	Portland, OR	NA	\$0.00	\$0.00
01/07/02	61180	Soybean	Omaha, NE	Portland, OR	NA	\$0.00	\$0.00
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

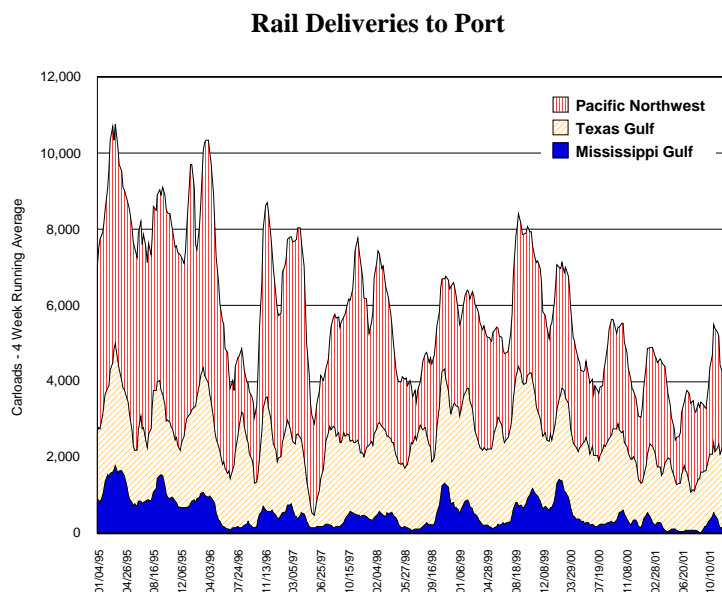
Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port**Carloads**

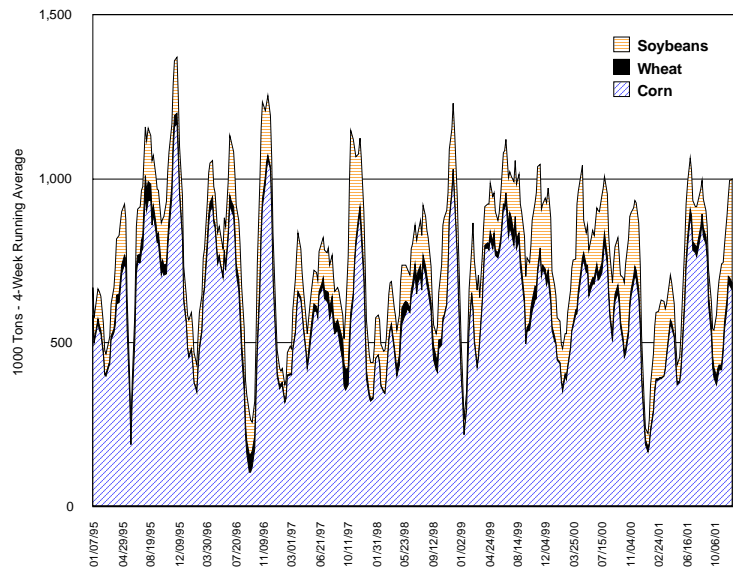
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
11/28/01	7*	1,702	1,638	535
12/05/01	230*	2,307	1,717	605
12/12/01	137*	2,081	1,523	643
12/19/01	201*	1,842	1,953	507
12/26/01	59*	1,448	2,309	586
01/02/02	250*	1,255*	1,137	717
YTD 2001	10,272*	83,059*	112,513	27,321
YTD 2000	25,869	105,222	130,049	15,426
Total 2000	25,675	105,308	129,464	14,816
Total 1999	30,038	132,069	161,492	14,446

Source: Transportation & Marketing/AMS/USDA



(*) Incomplete Data

(**) Revised Data

Barge Movements - Locks 27**Barge Grain Movements**

for week ending 12/29/01

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	closed	during	winter	months
Winfield, MO (L25)	60	0	115	175
Alton, IL (L26)	332	14	274	620
Granite City, IL (L27)	361	14	290	665
Illinois River (L8)	262	14	153	429
Ohio (L52)	48	3	77	149
Arkansas (L1)	24	2	0	25
2001 YTD	31,878	2,679	10,616	47,091
2000 YTD	33,482	2,518	10,327	48,247
Total 2000	33,482	2,518	10,327	48,247
Total 1999	36,711	2,883	9,771	51,887

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

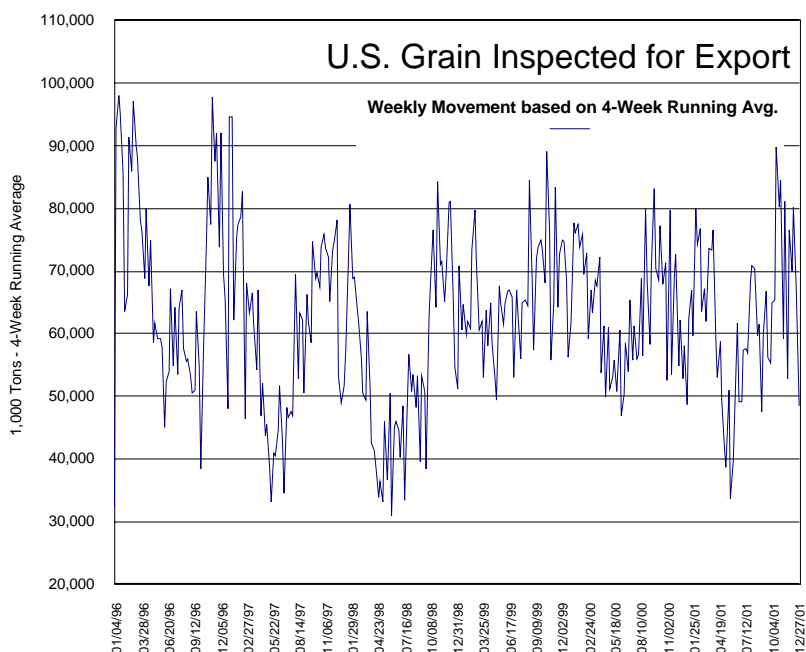
U.S. Export Balances (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	Wheat <i>SWW</i>	<i>DUR</i>	<i>All</i>	Corn	Soybean	Total
<u>Unshipped Exports-Crop Year</u>									
12/27/01	1,220	623	948	563	118	3,472	7,347	7,961	18,780
This Week Year Ago	998	295	918	666	170	3,047	6,697	6,104	15,848
<u>Cumulative Exports-Crop Year</u>									
00/01 YTD	4,900	3,403	3,239	1,902	800	14,243	13,825	12,333	40,401
99/00 YTD	5,836	2,759	3,301	3,023	737	15,656	15,269	17,713	48,638
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

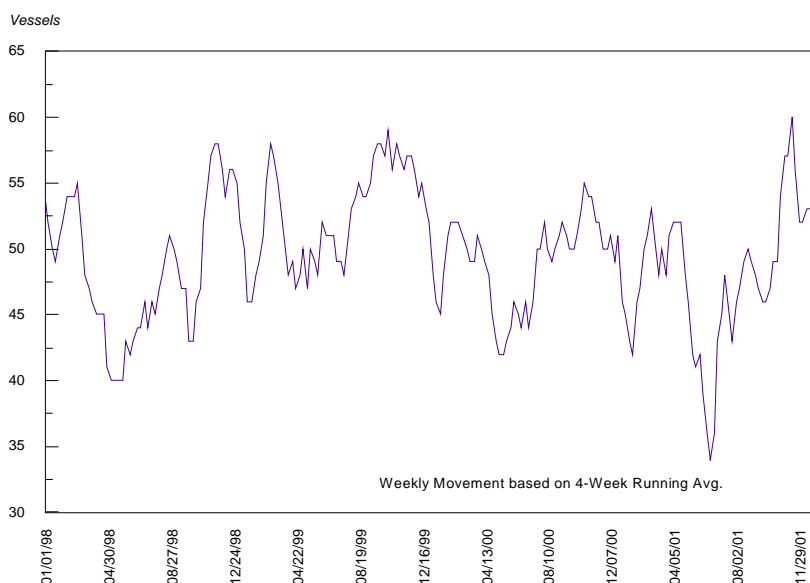
	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
01/03/02	149	52	70	203	304	450	65	0	0
2001 YTD	9,884	5,181	2,847	6,382	34,885	17,889	5,927	267	1,581
2000 YTD	10,129	5,947	1,647	6,961	35,469	18,733	6,984	470	1,008
% of Last Year	99%	86%	167%	94%	99%	100%	86%	57%	157%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service YTD-Year-to-Date

**Select Canadian Ports - Export Inspections**
1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 01/03/02			
Vancouver	3,097	166	280
Prince Rupert	222	0	0
Prairie Direct	561	173	116
Thunder Bay	290	176	45
St. Lawrence	1,329	660	0
2001 YTD Exports	5,499	1,175	441
2000 YTD Exports	5,274	1,466	634
% of Last Year	104%	80%	70%

Source: Canadian Grains Commission, Crop year 8/1-7/31



**Gulf Region
Vessels Loaded
- Past 7 Days-**

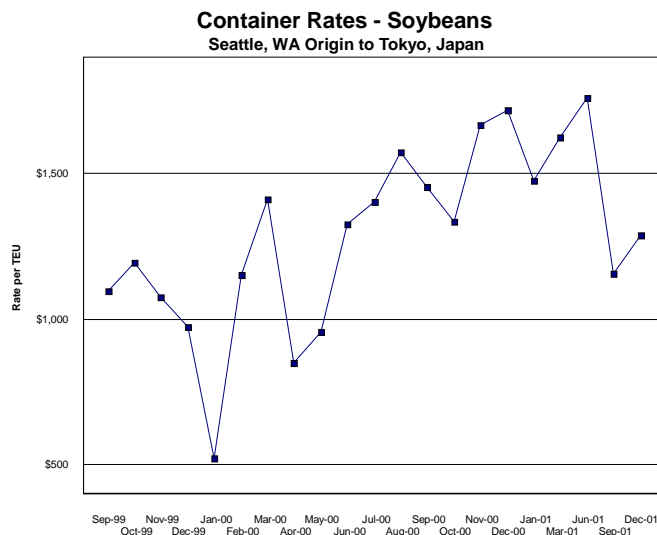
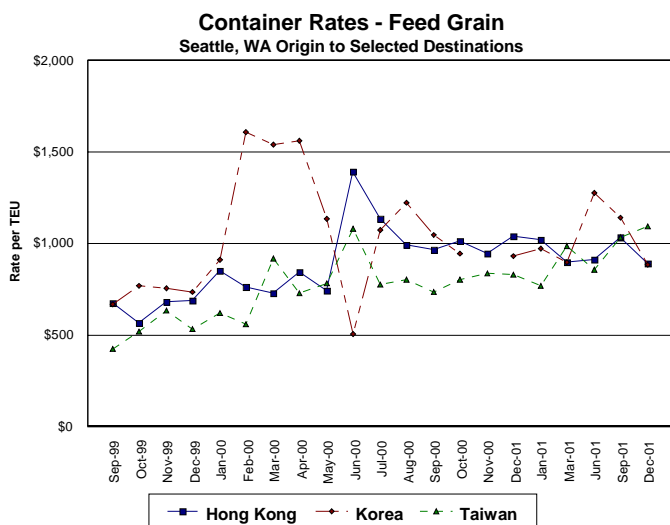
Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
12/20/01	34	48	63	14			11	5	4
12/27/01	42	49	67	10			8	3	2
1999 Range	(14..47)	(39..65)	(34..80)	(6..18)			(2..20)	(2..15)	(0..9)
1998 Range	(19..62)	(34..64)	(40..93)				(1..19)	(3..14)	(0..10)
1999 Avg	32	52	65				9	9	3
1998 Avg	40	48	61				10	9	3
1997 Avg	33	45	58						

Source: Transportation & Marketing /AMS/ USDA

Container Ocean Freight Rates

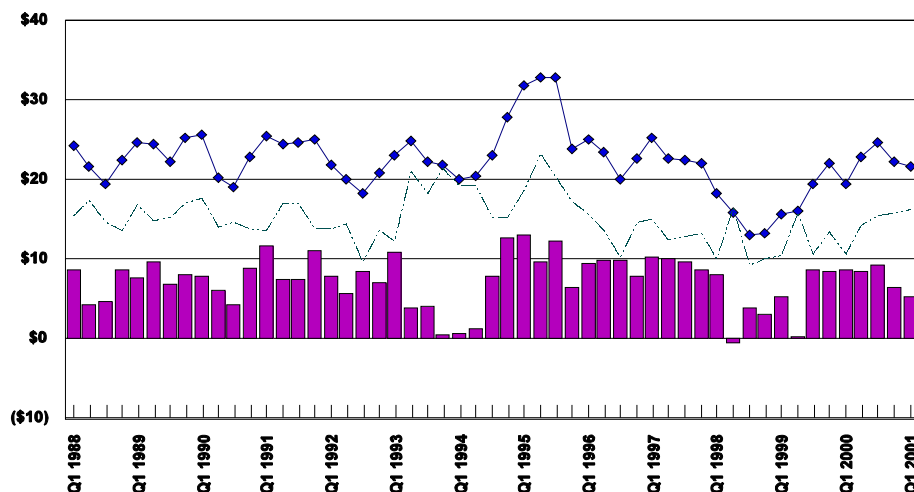
Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share



Source: Transportation & Marketing/AMS/USDA

◆ Rate - Gulf to Japan
 - - - Rate - PNW to Japan
 ■ Spread - Gulf vs. PNW to Japan

US\$/Metric Ton



Quarterly Ocean
Freight Rates

Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	2001 3 rd Qtr	2000 3 rd Qtr	% Change		2001 3 rd Qtr	2000 3 rd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$29.40	\$36.42	-19%	Japan	\$10.46	\$15.43	-32%
Mexico		\$16.11	-	Red Sea/ Arabian Sea		\$29.03	
Venezuela	\$13.45	\$15.13	-11%	Argentina to			
N. Europe	\$12.06	\$15.50	-33%	N. Europe			
N. Africa	\$18.21	\$34.19	-47%	Japan	\$16.22	\$18.62	-13%
Med. Sea	\$12.05	\$16.59	-27%		\$29.40	\$36.42	-19%

Source: Transportation & Marketing/AMS/USDA; (*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

Ocean Freight Rates (Select Locations) - week ending 1/5/02

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Spain	Soybeans	Spot	30,500	\$12.00
Gulf	Tunisia	Heavy Grain	Spot	25,000	\$14.50
Gulf	Japan	Heavy Grain	Jan 4/15	54,000	\$17.25

Source: Maritime Research Inc.; rates shown are for long ton (2,240 lbs.=one long ton), F.O.B., except where otherwise indicated; op=option